

Message Text

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ORIGIN EB-11

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TO AMEMBASSY LUSAKA

INFO AMEMBASSY KINSHASA

AMCONSUL LUBUMBASHI

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TAGS: EIND, ETRD, ZA, CG

SUBJECT: COBALT STOCKPILE SALES

REF: (A) LUSAKA 0088; (B) KINSHASA 00567;
(C) STATE 132772

1. AT PRESENT TIME GENERAL SERVICES ADMINISTRATION HOLDS APPROXIMATELY 60,123,000 POUNDS OF COBALT AS PART OF NATIONAL STRATEGIC STOCKPILE. OF THIS AMOUNT 21,924,000 POUNDS IS IN EXCESS OF STOCKPILE OBJECTIVES AND AUTHORIZED BY CONGRESS FOR DISPOSAL. QUANTITIES RELEASED IN RECENT YEARS HAVE BEEN: 7,938,705 POUNDS DURING FY 1972; 8,108,638 POUNDS DURING FY 1973; AND 3,052,400 POUNDS THUS FAR IN FY 1974. ACTUAL SALES FOR EACH OF THESE YEARS HAS BEEN BELOW AUTHORIZED ANNUAL DISPOSAL RATES. MAXIMUM DIS-
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POSAL RATE FOR FY 1974 IS 12,000,000 POUNDS PER YEAR

(1,000,000 POUNDS PER MONTH).

2. ALTHOUGH AFRICAN METALS PRICE FOR 250 KG SHOT/CATHODE HAS DIPPED SLIGHTLY IN RECENT MONTHS TO CURRENT

3.10 U.S. DOLS PER LB FROM HIGH IN NOV 1973 OF 3.20 DOLS PER LB, CURRENT PRICE STILL REPRESENTS INCREASE OVER MARCH 1973 PRICE OF 3.00 DOLS PER LB AND MARCH 1972 PRICE OF 2.45 DOLS PER LB.

3. IN LIGHT OF ABOVE, USG BELIEVES THAT STOCKPILE DISPOSALS BY GSA HAVE NOT DISRUPTED WORLD COBALT MARKET.

4. PRESIDENTIAL DIRECTIVE OF APRIL 1973 TO INCREASE STOCKPILE RELEASES TO FIGHT DOMESTIC INFLATION HAS NOT RPT NOT RESULTED IN ACCELERATION OF GSA COBALT SALES. ADMINISTRATION OMNIBUS DISPOSAL BILL, ALSO PROPOSED IN APRIL 1973, WOULD INCREASE AMOUNT OF COBALT STOCKPILE ELIGIBLE FOR SALE BY ADDITIONAL 26,255,000 POUNDS. BUT OMNIBUS BILL WOULD NOT REQUIRE MODIFICATION OF CURRENT MAXIMUM DISPOSAL RATE OF 12,000,000 POUNDS PER YEAR. OMNIBUS BILL IS STILL PENDING BEFORE HOUSE ARMED SERVICES COMMITTEE AND NO CONGRESSIONAL ACTION HAS BEEN TAKEN ON THIS BILL IN EITHER HOUSE. SEPARATE BILLS AUTHORIZING ADDITIONAL STOCKPILE RELEASES OF COPPER, ZINC, ALUMINUM, MOLYBDENUM, SILICON CARBIDE, AND OPIUM WERE SIGNED BY THE PRESIDENT ON DEC 28, 1973. NEW DISPOSAL PROGRAMS FOR THE COMMODITIES ARE NOW BEING FORMULATED AND INTERGOVERNMENTAL CONSULTATIONS ARE UNDERWAY. IN CASE OF COBALT, HOWEVER, IT IS NOT CLEAR THAT PASSAGE OF OMNIBUS BILL WOULD NECESSITATE CHANGE IN CURRENT COBALT DISPOSAL PROGRAM, I.E., CHANGE IN MAXIMUM ANNUAL DISPOSAL RATE.

5. SHOULD OMNIBUS DISPOSAL BILL OR SEPARATE COBALT DISPOSAL LEGISLATION BECOME LAW AND SHOULD GSA THEREAFTER ALTER ITS CURRENT DISPOSAL PROGRAM, DEPARTMENT WILL UNDERTAKE CONSULTATIONS WITH GOVERNMENTS OF MAJOR PRODUCING COUNTRIES, IN SAME MANNER AS NOW BEING DONE FOR COPPER, ZINC, ALUMINUM, MOLYBDENUM, SILICON CARBIDE, AND OPIUM.

6. FYI U.S. BUREAU OF MINES STATISTICS INDICATE THAT UNCLASSIFIED

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WORLD COBALT MINE PRODUCTION FOR 1972 WAS 52.9 MILLION POUNDS, OF WHICH ZAMBIA AND ZAIRE ACCOUNTED FOR 4.8 MILLION AND 30.0 MILLION POUNDS RESPECTIVELY. END FYI. KISSINGER

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